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Introducing Financial Freedom: What It Can Teach Us about Basic Income

© Lisa Perrone

PhD Candidate, School of Business

Western Sydney University

Email: lisaap@gmail.com

© Margaret H. Vickers, PhD

Professor of Management, School of Business

Western Sydney University

© Debra Jackson, PhD

Professor of Nursing, Faculty of Health & Life Sciences

Director of the Oxford Institute of Nursing, Midwifery and Allied Health Research

Oxford Brookes University

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ABSTRACT

As support for a basic income moves from the margins into the mainstream, it is now more important than ever to understand what effects this policy might have on individuals and society. What might life be like if people no longer had to exchange their time and energy to support their livelihood? How might people choose to allocate their time? Would they choose to ‘work’ or contribute to society in some way? How might it affect their health and wellbeing? In the absence of a wide-scale introduction of basic income, scholars have stated that these are important questions to which no one, as yet, knows the answers (Terwitte 2009; Maskivker 2012).

This fundamental lack of knowledge regarding the consequences of a basic income scheme presents a major roadblock to its implementation. In particular, some critics have argued that the abolishment of the necessity to work might lead to a ‘lazy’ society and labour shortages, if people, on mass, chose not to work (Galston 2001; Pateman 2004; Marx 2005; Terwitte 2009). This had led to an ongoing debate over the feasibility and desirability of basic income, not only within academia, but in political circles and the media, more broadly.

In an attempt to shed light on what might happen given its introduction, social scientists have turned to cash transfer schemes in developing countries; the basic income experiments of the 1960s and 70s; and, current basic income trials in Finland, the Netherlands, Scotland, Canada, and Silicon Valley (US), for answers. While these social experiments have some value, they possess a number of major shortcomings: they are time-limited in nature; restricted mostly to the poor or unemployed; and, in many cases, only provide people with a partial income (Marx & Peeters 2004, 2008; Marx 2005; Widerquist 2005). These characteristics make it difficult to apply the results to the general Western population, in a lifelong, full income context.

To help respond to this problem, this paper introduces financial freedom into the basic income arena. Financial freedom is a lifestyle characterised by the receipt of an ongoing (self-generated) income independent of paid work that gives people the ‘real freedom’ to opt out of the workforce, if they so desire (Van Parijs 1995). This enables them to make voluntary choices about their lifestyle and time allocation (Standing 2004). As it mirrors a basic income scenario through the decoupling of work and necessity, it allows us to answer the question, “What would people do if their incomes were taken care of?”

The main contributions of this paper are twofold. First, this paper introduces financial freedom into the literature, and shows why this lifestyle represents a good proxy for a basic income scenario. Second, the paper presents findings from a study on the lived experiences of twenty-one Australians who had sought or achieved financial freedom (Perrone, Vickers & Jackson 2015; Perrone 2016).

Of importance, this study revealed that financial freedom had transformed the participants' lives for the better, leading to significant improvements to their health, wellbeing, and quality of life. Further, free from the need to work, every participant still chose to work, either in traditional market-based roles or non-traditional work roles, such as volunteering. This work took on a different form and experience, consistent with the ideals of Aristotle and Karl Marx.

This study supports the proposition that the introduction of a basic income would not lead to a mass exodus of the labour force, nor an idle society, but would, in fact, promote a flourishing society, as people used their free-time to realise individual talents and capacities (Olin Wright 2010; Healy, Murphy & Reynolds 2013). It also supports Marx and Peeters' (2004, 2008) conclusion that there would be no extreme labour supply effects given the introduction of a basic income, inferred through their empirical research on lottery winners.

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